

TOWN OF EAST WINDSOR

FIRST SELECTMAN JASON E. BOWSZA

March 18, 2022

Senator Austin, Representative Walker, Members of the Appropriations Committee:

Thank you for the opportunity to submit written testimony pertaining to Senate Bill 9, *An Act Implementing the Governor's Budget Recommendations for General Government*, and H.B. 5002, *An Act Expanding Grants in Lieu of Tax Payments to Include Manufacturing Machinery and Equipment Exempt from Property Tax*.

I write in **opposition to sections 1 and 2 of Senate Bill 9**, which cap municipal property taxes on motor vehicles at a rate not to exceed 29 mills. East Windsor's current mill rate is 34.5, which, if Senate Bill 9 were to pass, our tax collector estimates would result in a local revenue loss of approximately \$600,000, or 1.5% of our total budget.

Section 2 of the bill establishes a fund for motor vehicle property tax grants paid by the State to municipalities whose mill rates on motor vehicles would otherwise have exceeded 29 mills. Several concerns present themselves concerning this strategy. First, while the State is in a stronger financial position to deliver on this type of municipal tax relief program now, what happens when state economic conditions change? Even now, municipalities have been told not to budget for Municipal Revenue Sharing Act (MRSA) funds locally as there are insufficient state funds. It is not difficult to imagine a circumstance where the same could hold true for the proposed motor vehicle property tax grants. In bad years, even core programs like the Educational Cost Sharing grants may fall victim to budget cuts. This proposal would be no different.

Similarly, a significant problem will arise for many taxpayers if these new grants were to sunset in the future. The loss of these grants would lead to a significant local tax increase imposed on residents and businesses if state funds were not available. Towns like East Windsor would have to pass that \$600,000 loss on to our taxpayers, a cost not caused by financial mismanagement or new program implementation at the local level, but rather through a loss of state aid.

East Windsor has been adversely impacted by changes in state policy over the last three years. Changes in PILOT funding have left us flat-funded, and the inclusion of a prohibition for the East Windsor casino project in last year's sports betting legislation has severely hampered the Town's ability to move forward. In fact, last year's sports betting legislation, coupled with the raising of the former movie theater, have actually cost the Town tax revenue and prohibited meaningful economic development along our major business corridor. Eminent domain now seems to be the only remedy available to East Windsor for relief from the adverse effects of the sports betting legislation.

Addressing property tax reform structurally is a laudable goal and needs to be done. It just cannot be done in such a way that municipalities are left with even fewer means of generating funds to pay for local responsibilities and state-imposed mandates.

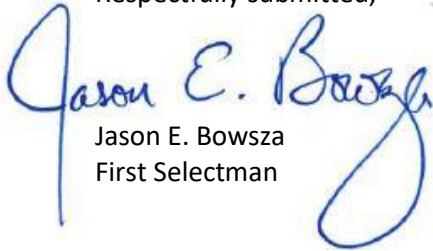
I also would like to submit comments **in favor of House Bill 5002, An Act Expanding Grants in Lieu of Tax Payments to Include Manufacturing Machinery and Equipment Exempt from Property Tax**, which is a good example of a legislative remedy that would strengthen resources available to municipal governments.

Under the current configuration, where manufacturing equipment is exempted from personal property taxation, municipalities receive no benefit from a budgetary perspective for hosting manufacturers in their community. This circumstance does not align with a community's natural desire to seek job opportunities for its residents. However, from a purely budgetary perspective, municipalities are therefore incentivized to recruit development in the distribution or multi-family residential markets (two areas that are expanding rapidly), rather than seek out manufacturing.

HB 5002 would rebalance some of that incongruity. Expansion of the bill beyond manufacturing, to include grid-scale solar developments, would further benefit municipalities that host projects approved through the state's Virtual Net Metering (VNM) program. Typically, VNM projects are in municipalities that would otherwise benefit from the increase in commercial valuation of solar projects but are precluded from that due to existing law exempting those projects from personal property taxation. PILOT funding for those projects would be helpful as well.

Thank you for your consideration of these points pertaining to both SB 9 and HB 5002.

Respectfully submitted,



Jason E. Bowsza
First Selectman